



Teachers'
Pension Plan
Board

Conseil du régime
de retraite des enseignantes
et des enseignants

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EXCHANGE

A NEWSLETTER FOR MEMBERS OF THE ONTARIO TEACHERS' PENSION PLAN



No Truth to 85-factor Rumours

Confidential negotiations between OTF and the province continue

Despite persistent questions about an 85-factor window, the only news we know for certain is the negotiations are continuing.

"Currently, there are a lot of rumours about early retirement windows. But they remain just that—rumours," says David Aylsworth, spokesperson for OTF. "Negotiations are *in camera* until an agreement is reached. Teachers would be ill-advised to change retirement plans based on rumours."

The Ontario government and Ontario Teachers' Federation began meeting on February 1, 1996. OTF is proposing 11 changes to benefits, including a permanent 85 factor. These proposals were outlined in the October issue of OTF's newsletter, *Interaction*.

Speculation of an 85-factor window was fed by the mistaken

**What
have you
heard?**

90 90
85 90 85
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90 85 85
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belief an early retirement incentive would be part of the government's much anticipated tool kit to school boards.

**"Currently, there are
a lot of rumours
about early
retirement windows.**

**But they
remain just that –
rumours."**



ONLY OTF AND GOVERNMENT NEGOTIATE CHANGES

Under the terms of the Partnership Agreement (1992), the OTF and the Ontario government can negotiate changes to pension benefits every three years. When no agreement was reached by May 1, 1996, a process of mediation and arbitration began. Any changes to the plan will likely be effective as of January 1, 1997.

The role of the Teachers' Pension Plan Board is to administer the plan and invest its assets. We do not make the rules regarding benefits. However, we will communicate any plan changes to you, if they occur. ☺

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HAVE Your SAY...

TEACHING WHILE ON PENSION

Will I be able to return to teaching while collecting a pension?

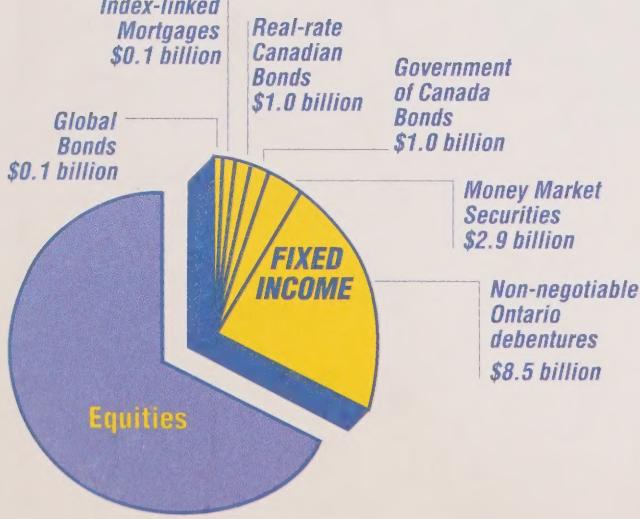
Dan Sherman, North York

Yes, but there are limits on the number of days you are permitted to teach without affecting your pension. You can teach for up to 95.5 days a school year for the

first three years you return to teaching. These can be non-consecutive years. After the third year, you can teach up to 20.5 days per school year without affecting your pension.

You can teach full time at a private school that is not part of the pension plan without affecting your pension. You can also teach full time at any school outside of Ontario. ☎

What is FIXED INCOME



Fixed income refers to investments with a fixed rate of return. The fixed income portfolio is primarily comprised of non-negotiable Ontario government debentures and includes Canadian and foreign bonds, bankers' acceptances, GICs, mortgages, short-term certificates and T-bills. ☎

ALBERTA JOINS TRANSFER AGREEMENT

If you teach in Ontario and taught in Alberta, you can now consolidate your pension credits into one plan. You can transfer the pension credit you accumulated while teaching in Alberta to your teachers' pension in Ontario.

AUGMENT YOUR PENSION

You'll augment your pension benefits by keeping your pension credits lumped together in one plan. This can provide the option of retiring earlier and with a higher pension.

The Ontario Teachers' Pension Plan also has transfer agreements with the teachers' pension plans in British Columbia and Quebec and is part of the Major Ontario Pension Plans (MOPPs) agreement with other public sector pension funds.

For more information on how to transfer your pension, telephone us and ask to speak to a customer service specialist. ☎

LET'S HEAR IT!

If you have a question or concern you'd like us to explore in Exchange, we'd love to hear from you. You can telephone, fax or write John Cappelletti. You'll find the numbers and address on page 6.

Be sure to check your annual statement

Get the 30-second Habit

Don't wait until you're about to retire to review the personal information contained in your annual statement. Checking the statement each year may identify inaccuracies before they become problems.

Your annual statement is mailed directly to your home each year, usually in August. It takes as little as 30 seconds to check the information.

This year's annual statement shows the pension benefits you have accumulated to the end of December 1995. We will not receive the information for 1996 from your employer until next spring.

THE ANNUAL STATEMENT CHECKLIST

- *Check the personals*

Check your personal information, such as your spouse's date of

birth and your beneficiary's name. Remember, your spouse or dependent children are automatically eligible for survivor benefits, even if they are not listed on the form.

- *Check your income*

Make sure the amount listed under personal earnings is about the same as your total earnings listed on your T4 slip.

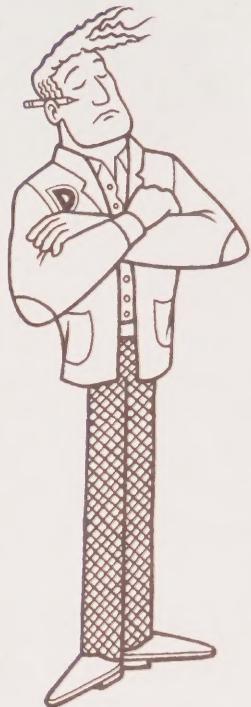
- *Check your total credit*

The time listed under credit should be equivalent to your years of teaching in Ontario and any purchases of credit you may have made.

- *Check the guide*

If there is something you don't understand, refer to the guide, *How To Read Your 1995 Annual Statement* that comes with your statement. If something is still unclear, telephone a customer service specialist. ☎

DUDLEY DOOMSAWER



“ The pension plan needs an invest-in-Canada policy. ”

CONSIDER THIS:

Seventy percent of Teachers' Pension Plan investments are in Canada—that's almost \$30 billion.

As well, almost 90% of the plan's assets—the assets without derivatives—are in Canada.

Canada accounts for about 3% of world markets.

Teachers' invests in other countries mainly to avoid putting all our eggs into one basket. Different economies have good and bad years at different times. By investing in foreign economies we tend to get more stable returns.

This year our economy is forecast to grow by 2 to 3%. To get higher returns, Teachers' also invests some assets in stable Far East economies expected to grow at 6%.

REAL-LIFE RETIREMENT

The latest in a series featuring retired teachers who have found fulfilling ways to live out their retirement.



Joan Ceaser always wanted to play the saxophone, so after a 35-year teaching career she went back to secondary school to learn how. Joan retired in 1991 and now performs with the Lincoln Concert Band.

Your Pension is Based on Credit, Salary

The 85-factor benefit is one of at least 11 items being negotiated by representatives from OTF and the government. Speculation about an 85-factor window spawned several questions from teachers, the most common involving what many of you described as "full-pensions."

The question went something like this:
"If I retire with an 85 factor, do I receive a 'full' pension?"

The following explains the way all unreduced pensions are determined.

Remember, an 85 factor does not currently exist.

There is no such thing as a "full pension." A retirement pension is either unreduced or reduced, depending on your age and qualifying years.

If an 85 factor were introduced, eligible teachers could retire with an unreduced pension, but the

amount of the pension would still be determined by the number of years of credit and their best-five years' salary.

At one time, a full pension referred to a maximum 70% pension. Teachers are eligible for a pension that is roughly 70% of

their average best-five year salary after 35 years of full-time teaching. (Your unreduced pension increases by 2% of your average best-five years' salary every year you teach.) If an 85 factor were available, teachers retiring early would have less credit and would receive a smaller unreduced pension. For instance, if you retire with 30 years of credit, you'll receive a pension that is 60% of your average best-five years' salary (2% pension factor x 30 years of credit = 60% pension).

2% pension factor

x credit

x average 'best-five'
salary

= Pension before 65

Your unreduced pension increases by 2% of your average best-five years' salary every year you teach. ☀

Fewer Deductions Means More Net Pension

Teachers approaching retirement may well be the envy of their colleagues, but retirement can be stressful. The big worry for most is, "will I have enough money to maintain my lifestyle?"

How much income you'll need depends on the cost of your hob-

bies, your plans for retirement and amount of your investments, like RRSPs.

However, you may be surprised to learn that the gap between net income while teaching and net income on pension is not as great as you thought.

Consider the following

After 30 years as a teacher, Sharon earns an annual gross income of about \$60,000 a year. After deductions for income tax, unemployment insurance, pensions, federation dues and long-term disability insurance, her annual net pay is about \$35,400.

Sharon's annual gross pension is estimated at \$36,000. When she retires the only deduction from her pension will be for income tax. Allowing for basic personal exemption, Sharon's net income is \$27,260.

Fewer deductions means that Sharon's net pension income is 77% of her current net income. Also, while on pension she will likely have fewer expenses for clothing and transportation. ☀

Sharon's Example

Salary	Pension	Difference
\$60,000	\$36,000	\$24,000
After tax and deductions \$35,400	After tax \$27,260	\$ 8,140

Stepping Up to Retirement

What you need to do after you decide to retire

In most cases, the process of starting your pension is easy, but it's not automatic. Here is what you need to do.

STEP 1 CONTACT US

To apply for your pension, telephone one of our customer service specialists as soon as you decide to retire. If you don't already have a pension estimate, we'll provide you with one. To calculate your actual pension amount, we must contact your employer and will do this after you resign.

STEP 2 READ THE INFORMATION IN Your Retirement Statement PACKAGE AND RETURN THE FORMS

Once you've told us of your intention to retire, we'll send you *Your Retirement Statement* package containing:

- a request for documents, such as your birth certificate, if needed
- a one-page pension application form
- a TD1 form from Revenue Canada
- information about medical coverage
- the brochure *Teaching After Retirement*

Send us the completed forms and any documents we need, such as a copy of your birth certificate. We'll also need a void cheque so your pension can be deposited directly into your bank account.

We will also be glad to provide you with a statement of your pension details.

STEP 3 WAIT FOR THE FINAL CALCULATION

When everything is ready, we'll send you a final calculation showing your monthly pension amount.

TIP YOU CAN BE READY, EVEN IF

YOU'RE NOT RETIRING IMMEDIATELY

We prefer to have your documents on file before you apply. If you're approaching retirement age, gather these documents in advance and avoid delays:

- your birth certificate and your spouse's birth certificate
- marriage certificate or declaration sworn before a lawyer for common-law relationships (a common-law spouse is someone with whom you have lived with for at least three years or are the parents of a child from the relationship)
- certificate of divorce or decree absolute, or separation agreement, if applicable.

NEW APPOINTMENTS TO THE BOARD

Two new directors were recently appointed to the board. Robert Korthals, former president of the Toronto-Dominion Bank, joined the board in January. Mr. Korthals

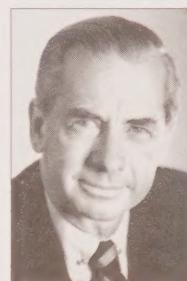
was also named chairperson of the Investment Committee.

Geoffrey Clarkson, a former senior partner in the accounting firm of Ernst and Young (formerly Clarkson Gordon), was appointed last month.

The directors positions became available when Gerald K. Bouey and John H.C. Clarry retired.

Korthals and Clarkson join C. Edward Medland, Chairperson of the Board, and the other directors: Jalynn Bennett, Gail Cook-Bennett, Martin Hicks, David Lennox, Doug McAndless and Lynne Sullivan.

The Board of Directors is comprised of nine members. Four are appointed by the Ministry of Education and Training and four by the Ontario Teachers' Federation. The ninth member, the Chairperson, is jointly appointed.



Korthals



Clarkson

DEC. 31 DEADLINE TO TRANSFER FROM FEDERAL PENSION

If you've worked for the federal government and have credit in the federal public service pension plan, you'll want to explore your options long before the existing reciprocal transfer agreement

expires at the end of this year.

The transfer of pension assets from the federal government pension plan must be completed on or before December 31, 1996. The transfer of pension assets valued on a contribution plus interest basis cannot occur after 1996.

For more information on how to transfer your pension, telephone us and ask to speak to a customer service specialist.

Retirement Planning Workshops

PLAN NOW, BENEFIT LATER

Want some tips on retirement and financial planning? Come along to one of the weekend workshops offered by the Ontario Teachers' Federation. We'll be there to give you an overview of the pension plan.

For more information contact your federation or association.

Workshop Schedule 1996

Sept. 27-28	Kapuskasing
Oct. 18-19	Ottawa
Oct. 25-26	London
Nov. 15-16	St. Catharines
Nov. 28-29	Hamilton
Dec. 13-14	Belleville



1995 Report to Members

FINANCIAL STUFF DOESN'T HAVE TO BE DULL

Finally, financial information you don't need an advanced degree in business to understand. The 1995 Report to Members is the short version of the annual report and contains the information you need to assess the fund's performance in 1995.

Of course if the short version

whets your interest for more details, you can read the complete 1995 Annual Report at your school.

1995 FINANCIAL HIGHLIGHTS (at December 31)

Total Assets	\$41.9 billion
Overall Annual Rate of Return	16.9%
4-Year Average Rate of Return	12.1%



MOVING?

DON'T FORGET TO SEND US YOUR NEW ADDRESS

All our publications are sent to you at your home address, including information of personal interest to you, such as your annual statement of benefits. If we don't know where you are, we can't reach you!

NAME _____

SIN _____

ADDRESS _____

Scissors icon inside a yellow oval.

EXCHANGE

is a publication prepared by the Ontario Teachers' Pension Plan Board. We welcome your comments and suggestions.

Feel free to call the editor, John Cappelletti, at (416) 730-5351 or 1-800-668-0105, or fax at (416) 730-5346 or write to:

Communications Department
Ontario Teachers'
Pension Plan Board
5650 Yonge Street
North York, Ontario M2M 4H5

OFFICE HOURS

Monday to Friday
8:00 am to 5:30 pm

TELEPHONE

(416) 226-2700 or 1-800-668-0105

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